

FINANCING A NEW ORDER: THE PAYMENT OF REPARATIONS BY RESTORATION FRANCE, 1817–18

JEROME GREENFIELD*

Abstract—The French lost the Napoleonic wars, but they won the peace, for themselves and for Europe more generally, when they fulfilled the terms imposed by the victorious allies. To raise the money required to meet these obligations, the French resorted to borrowing, floating loans that were foundational in the history of French public debt. Despite their importance, these loans have received little recent attention. This article draws on previously unused documents to provide a fuller picture of the negotiations that produced the loans of 1817–18. More particularly, it suggests that, contrary to a widespread perception, the loans were financed largely with French capital. Furthermore, it argues that historians have exaggerated the importance of Gabriel-Julien Ouvrard, the French government's intermediary with the issuing firms, in facilitating the loan negotiations. Given the consequences of the loans, the negotiations that produced them deserve more extensive consideration than they have hitherto received.

The Napoleonic wars ended in humiliation for the French. Twice—in spring 1814 and in summer 1815—France was invaded, defeated and occupied by allied armies. In 1814, the allies withdrew their troops fairly quickly, and the peace terms agreed in the first Treaty of Paris were relatively light: France was reduced to its frontiers of 1792 and required to compensate foreign interests for damages. Napoleon's Hundred Days necessitated a second invasion of France, and this time the allies were less benign in their determination to secure a lasting peace. For the French, the terms of the second Treaty of Paris, signed on 20 November 1815, added to the humiliation of the allied invasions. Large parts of France were to be occupied by 150,000 allied troops for up to five years, at French expense, under the command of the Duke of Wellington. Furthermore, in addition to the reparations outlined in the first Treaty of Paris, which were set at 320.8 million francs in 1818,¹ an indemnity of 700 million francs was to be paid within five years. The implementation of the terms was to be overseen by a council of allied ministers in Paris, chaired by Wellington.

* The author is a PhD candidate in history at St Catharine's College, Cambridge. He may be contacted at jg657@cam.ac.uk. He wishes to thank Robert Tombs for his comments on several drafts of this article, in addition to the editor of *French History* and the anonymous referees for many helpful suggestions. He is also grateful to the Rothschild Archive and the Baring Archive for permission to consult documents in their collections.

¹ A. Nicolle, *Comment la France a payé après Waterloo* (Paris, 1929), 10, 129–34.

Early fulfilment of the treaty's financial obligations raised the possibility that the allied army would withdraw from France ahead of schedule. The occupation, itself a humiliation, was an omnipresent reminder of the defeats of 1814 and 1815; the French government wanted the occupation to end and thus sought to pay the reparations as quickly as possible. This was achieved through a series of loans, floated from February 1817 onwards. By most measures the reparations that followed 1815 were the largest ever fully paid.² This article seeks to explain how that happened.

The French financed the Napoleonic wars principally through taxes and requisitions. Some 41 per cent of the funds France needed between 1802 and 1814 came from occupied territories.³ Historians have exaggerated Napoleon's supposed aversion to borrowing.⁴ War forced the Empire into debt, but it failed to establish a system of public credit that would enable it to borrow on any scale. Thus, in contrast to Britain, where the public debt stood at 200 per cent of gross domestic product (GDP) in 1815, France's debt-to-GDP ratio was probably a little under 20 per cent after the Hundred Days.⁵ Given that the loans of 1817–18 were issued well below par, they increased French public debt by over 1.5 billion francs, causing it to double in size.⁶

The loans of 1817–18 marked a departure from the financial practices of the Empire; in this respect, they were foundational in the history of French public debt. Through these loans, the French began to acquire the means to issue public debt on a large scale—indeed, one of the problems the French faced in 1816–17 was that French bankers were unaccustomed to handling bond issues of such magnitude.⁷ By the end of 1818, the Paris bourse had demonstrated its ability to absorb large numbers of securities. This enhanced the confidence of investors in French *rentes* and contributed to the ease with which the French government was able to borrow in the 1820s. Thus, the loans of 1817–18 helped to facilitate the emergence of Paris as continental Europe's pre-eminent financial centre in the nineteenth century.

Principally, however, the difficulties the French faced in issuing the loans of 1817–18 arose from the political and economic uncertainty that characterized the post-war period. The economic outlook deteriorated sharply in 1816, following harvest failures across Europe caused by the climatic effects of the eruption of an Indonesian volcano. The tax system, meanwhile, was stretched to the limit. While British investors may have had sufficient funds to provide loans that

² E. N. White, 'Making the French pay: The costs and consequences of the Napoleonic reparations', *European Rev. of Econ. Hist.*, 5 (2001), 337, 349–55, 361.

³ P. Branda, 'La guerre a-t-elle payé la guerre?', in *Napoléon et l'Europe: Regards sur une politique*, ed. T. Lentz (Paris, 2005), 270–1.

⁴ On Napoleon's attitude to debt, and the use of credit under the Empire: P. Branda, *Le Prix de la gloire: Napoléon et l'argent* (Paris, 2007), 373–9.

⁵ M. J. Daunt, *Trusting Leviathan: The Politics of Taxation in Britain, 1799–1914* (Cambridge, 2001), 109; Branda, *Le Prix de la gloire*, 487–95; J.-C. Toutain, 'Le produit intérieur brut de la France, 1789–1990', *Economies et Sociétés*, Série HEQ, 1 (1997), 5–136.

⁶ White, 'Making the French pay', 349.

⁷ B. Gille, *La Banque et le crédit en France de 1815 à 1848* (Paris, 1959), 162–3.

could finance all the reparations,⁸ this alone was not enough; politicians and bankers needed to be confident that both France and the markets were willing and able to sustain the debt.

Given these circumstances, the payment of reparations after 1815 was a remarkable achievement, which was made all the more important by the speed with which the French accomplished it. Consequently, France was able to win the peace, for both itself and Europe. By the mid-1820s, reparations—though not the defeats of 1814–15—were largely forgotten. Politics and economics, both international and national, had stabilized. Capitalizing on the confidence established in its debt by the loans of 1817–18, and falling interest rates across Europe, the French government was able to borrow in order to finance intervention in Spain to quell revolution in 1823.⁹ The loans of 1817–18, therefore, allowed France to join, and thereafter uphold, the international order established in 1814–15.

Despite this remarkable political and financial success, the reparations of 1815 have received relatively little recent historiographical attention. In explaining how the French negotiated the loans of 1817–18, historians are faced with considerable challenges. Obtaining information about the French government's financial situation and its dealings with the bankers that financed the loans is difficult. The archives of the French finance ministry were destroyed in the Paris Commune of 1871. The documents that survive in the foreign ministry archives formed the basis for André Nicolle's book, *Comment la France a payé après Waterloo*. At best, though, these documents present a very partial glimpse into the government's relationship with financiers, and almost nothing on the connexions among the financiers themselves.

The archives of the banks themselves present further problems. The archive of the firm which floated the loans, Barings, contains little relevant information. Some documents survived in French banking archives, and these formed the basis of Bertrand Gille's account of the loans of 1817–18.¹⁰ Fortunately, the Dutch house of Hope and Co., which became almost a subsidiary of Barings after the French conquest of the Netherlands in 1794, left important material, which historians have not utilized.¹¹ The Rothschild Archive also contains correspondence from this period. However, since the Rothschilds were sidelined, and came to resent Barings' dominance of the loans, their letters should be used carefully; *pace*, for instance, Philip Ziegler, Baring-Rothschild rivalry was not a major feature of the loan negotiations.¹² The Rothschilds were only a presence in Paris from 1814, and de Rothschild frères, the Paris house of Rothschild, was established in early 1817. It is safe to say that by 1817 James Rothschild had not acquired the colossal stature he later gained. This is not to

⁸ White, 'Making the French pay', 352.

⁹ N. Ferguson, *The World's Banker: The History of the House of Rothschild* (London, 1998), 143.

¹⁰ Gille, *La Banque et le crédit en France*, 161–6.

¹¹ M. G. Buist, *At Spes Non Fracta: Hope & Co., 1770–1815: Merchant Bankers and Diplomats at Work* (The Hague, 1974), 40, 53, 68.

¹² P. Ziegler, *The Sixth Great Power: Barings, 1762–1929* (London, 1988), 82–4.

dismiss the Rothschilds as insignificant, but they played a relatively small part in financing the loans.¹³

Given the limitations of the different archives, much of the historiography presents incomplete accounts of the loan negotiations. Partly as a result of this, historians have exaggerated the role played by the financier and speculator Gabriel-Julien Ouvrard in arranging the French government's initial loan through Barings in 1816–17. Described by the daughter of the French ambassador in London as 'the cleverest if not the most honest' financier,¹⁴ Ouvrard was renowned for his guile and his grandiose financial machinations. His memoirs, published in 1826–7, present him as a far-sighted and unconventional financier blighted by adversity.¹⁵ According to his account, he was responsible for engineering the loans that France needed in 1816–17. He was the man who saw what had to be done, and he did it, only to be jilted by the French government when they refused him a share of the *rentes*. So successfully did Ouvrard cultivate a reputation for financial genius that the opposition press ascribed him a role in the government's machinations of July 1830. Defeated in recent elections, the government would be unable pass a budget in the Chambers. Ouvrard, however, allegedly offered a way around this, with a scheme that *Le National* described as 'not one of the less ingenious'.¹⁶ In dealing with financial problems, remarked another newspaper, 'the genius of M. Ouvrard triumphs'.¹⁷ However, the idea that Ouvrard was the government's 'intimate adviser' is not validated in government sources, and thus diverges from historians' accounts of the 1830 revolution.¹⁸ Louis Blanc, in his *Histoire de dix ans*, claimed that in 1831 Ouvrard orchestrated a fall in the *rente*.¹⁹ Like the press in 1830, however, Blanc exaggerated Ouvrard's importance. In 1831, France was still suffering from the slump that began in the late 1820s and from the effects of the 1830 revolution, while the government needed credit to cover its deficit; here, surely, is a more important cause of the fall than Ouvrard. Despite, or perhaps because of, the extensive attention historians have given him, exaggerations of Ouvrard's capacity to shape events have endured.²⁰ To understand Ouvrard's

¹³ B. Gille, *Histoire de la Maison Rothschild: Des origines à 1848*, vol. 1 (Geneva, 1965), 59–65, 71–7; Ferguson, *The World's Banker*, 121–4.

¹⁴ E.-A. de Boigne, *Récits d'une tante: Mémoires de la comtesse de Boigne, née Osmond*, vol. 2 (Paris, 1921), 198.

¹⁵ G.-J. Ouvrard, *Mémoires de G.-J. Ouvrard, sur sa vie et ses diverses opérations financières*, 3 vols (Paris, 1826–7).

¹⁶ *Le National*, 18 July 1830.

¹⁷ *Le Journal des débats*, 9 July 1830.

¹⁸ *Le Journal des débats*, 9 July 1830; D. H. Pinkney, *The French Revolution of 1830* (Princeton, 1972), 73.

¹⁹ L. Blanc, *Histoire de dix ans*, 12th edn, 5 vols (Paris, 1877), iii. 358–60; Ferguson, *The World's Banker*, p. 239.

²⁰ G. Weill, 'Le financier Ouvrard', *Revue Historique*, 127 (1918), 31–61; A. Lévy, *Un Grand Profiteur de guerre sous la Révolution, l'Empire et la Restauration, G.-J. Ouvrard* (Paris, 1929); O. Wolff, *Die Geschäfte des Herrn Ouvrard, aus dem Leben eines genialen Spekulanten* (Frankfurt, 1932); J. Savant, *Tel fut Ouvrard: Le Financier providentiel de Napoléon* (Paris, 1954); M. Payard, *Le Financier G.-J. Ouvrard, 1770–1846* (Reims, 1958); J. Wolff, *Le Financier*

financial achievements and his historical significance we need to get behind the hagiography, much of which arose from his alleged role in the loan negotiations of 1816–17. These were, after all, among the most consequential transactions of Ouvrard's career.

The loan negotiations were defined by two major contests. First, in late 1816, there was a competition among French financiers, including Ouvrard, to gain Baring's support in floating a loan. Ouvrard was one of several intermediaries used by the French government to bring Baring into negotiations. But why did the French government entrust the vital task of persuading Baring to such a notoriously slippery individual? The short answer is that Ouvrard's rivals left no choice. As we shall see, they allowed him to outmanoeuvre them so that, by December 1816, he appeared the only person capable of succeeding with Baring. Secondly, following the success of the initial loan, a new competition ensued between Paris bankers, who sought to extend their share in the *rentes*, and Barings and Hopes, who wished to retain as much control over the flotation as possible. At the same time, though, Barings, Hopes and the Paris banks all needed each other in order to ensure the loans' success. Indeed, historians have probably underestimated the capacity of the Paris bourse to absorb the loans of 1817–18: while foreign capital was essential, the bulk of the funds raised to meet the French government's obligations were found in Paris.

After the Franco-Prussian War of 1870–1, the issue of war reparations reared its head for a second time, and the comparison between these two moments in French financial history is instructive. In 1871–3, the domestic market once more provided most of the money France needed to discharge the 5 billion franc indemnity incurred following defeat by Prussia.²¹ As in 1816–17, however, in the 1870s the French also turned to the City of London. These later reparations were discharged in circumstances that were in some ways little better than those of the period after 1815. The economy was stagnating, the Third Republic was barely stable and the tax system risked being overhauled.²² However, in 1871 the *rente* was much stronger, and thus financiers were much more forthcoming, which allowed the government to borrow more easily than in 1817. The first loan of 1817 was issued at 55 (that is at 55 per cent of the nominal value of the *rentes*), markedly less than the 82.5 at which the first reparations loan of 1871 was floated.²³

On both occasions, reparations payments formed part of a strategy to allow France to surmount the consequences of defeat and eventually reassert itself as

Ouvrard: L'argent et la politique (Paris, 1992); J.-P. Sarrazin, *Gabriel-Julien Ouvrard: Grandeur et misère d'un financier de génie sous l'Empire* (Paris, 2014).

²¹ Around 55% of the two loans raised to pay the 1871 indemnity were financed by French subscribers: Thiers MSS, Bibliothèque Nationale de France, Paris, NAF 20641, fols. 35–8.

²² J. P. T. Bury and R. P. Tombs, *Thiers, 1797–1877: A Political Life* (London, 1986), 196–230; R. Schnerb, 'La politique fiscale de Thiers', *Revue Historique*, 201 (1949), 202–12; N. Delalande, *Les Batailles de l'impôt: Résistance et consentement de 1789 à nos jours* (Paris, 2011), 55–78.

²³ B. Gille 'Les emprunts de libération en 1871–1872', in *La France au XIX^e siècle: Etudes historiques: Mélanges offerts à Charles Hippolyte Pouthas* (Paris, 1973), 166–98; Ferguson, *The World's Banker*, 721–35.

a great power. In 1871, Thiers, the French president, realized that reparations had to be paid in order to afford France the time and space to recover from the depredations of war.²⁴ The duc de Richelieu, foreign minister and leader of the French government from 1815 to 1818, made a similar calculation.²⁵ Of course, both men were forced to this conclusion and neither welcomed reparations.

Richelieu's government was formed in inauspicious circumstances. His predecessor, Talleyrand, had resigned to avoid accepting responsibility for the allied peace terms. The treaty which Richelieu was compelled to sign strengthened the impression created by Louis XVIII's return to France alongside allied troops: the regime was imposed on France by foreigners. The presence of allied armies did little to mitigate this impression. Paradoxically, an end to the occupation could facilitate what the allied troops were there to ensure: political stability in France and the payment of reparations. Persuading the allies of this fact was Richelieu's main aim, and the loans of 1817–18 were essential in enabling him to do so. The end of the occupation was a *sine qua non* if France were to regain her place among the great powers and put behind her the legacy of the Napoleonic wars.

Richelieu's government, formed to undertake this task, appeared rather weak and uninspiring.²⁶ A former *émigré* whose administrative experience consisted of having held the governorship of Odessa from 1803 to 1814, Richelieu reluctantly accepted office in 1815 at the Tsar's behest. The comte Corvetto, the finance minister, began his career as a lawyer in Genoa in the 1780s, before he moved into banking; in 1804 he was appointed director of the Bank of Saint George. Under Napoleon, he became more involved in politics, rising to membership of the Senate in 1810. Between them, these two men shared the difficult task of cutting the best deal they could with bankers who were, initially, less than sure about the French public finances.

The most important of the bankers was Alexander Baring, the second son of Francis Baring, who established Baring Brothers as a leading City firm during the eighteenth century. Politically well connected—and an MP—Baring became the most important partner in the bank after his father's death in 1810. Alongside his brother-in-law, Pierre César Labouchère, a partner of Hope and Co., he dominated the loan negotiations of 1817–18. The son of a Huguenot cloth merchant, Labouchère's ascent at Hopes reflected the absence of family members with sufficient financial acumen and commitment to manage the firm. He was a confident man, and Baring delegated him to manage much of the issue of *rentes* in Paris in 1817–18. While Baring and Labouchère ultimately dominated the loans, their involvement came relatively late, and they took no part in the initial discussions over how France would finance the reparations.

²⁴ Bury and Tombs, *Thiers*, esp. 193–5, 212–14.

²⁵ E. de Waresquiel, *Le Duc de Richelieu: Un sentimental en politique* (Paris, 1990), 255–7, 322–51.

²⁶ G. de Bertier de Sauvigny, *La Restauration* (Paris, 1955), 167–71.

I

The first proposals as to how France might meet the obligations imposed by the peace settlement materialized in late 1815.²⁷ Given the post-war financial problems that affected most German states, the bulk of the suggestions came from German financiers, starting with the firms of Scherer and Finguerlin, who proposed that the powers should cede 25 per cent of the indemnity and that the rest should be paid in *rentes* at 7.5 per cent interest. This was dismissed by French officials as 'no real offer'.²⁸ A second offer came from Württemberg's minister in Paris, who offered to cede part of his state's share of reparations in exchange for early payment. Another came from the Russian ambassador, who suggested that France should pay 300,000 francs daily from 1 January 1816 in *rentes* fixed at 50. This idea was rejected as impractical. It assumed assets that the French treasury simply did not have.²⁹

The most serious and detailed proposal came from the Frankfurt Rothschilds.³⁰ They offered to relieve the French government of its obligations to Bavaria, Hesse-Darmstadt, Württemberg, Baden, Saxony, Cassel and Mecklenburg at a 25 per cent discount, which they later increased to 33½ per cent.³¹ This idea foundered on two points. Firstly, the French government was unconvinced that the deal offered was particularly advantageous, given the low price of *rentes* (expected to remain around 60), the rate of interest that would result from this, and the other costs that the operation would incur.³² Secondly, the convention concluded with the powers had stipulated that the reparations to different states could not be auctioned off separately.³³ The plan was therefore rejected, and the Rothschilds were left to fulminate against 'these devilish Great Powers'.³⁴

None of the proposals was attractive to the French; none implied much confidence in French public debt. Indeed, France's fiscal position after the Hundred Days provided few reasons for optimism. Taxes remained heavy, caught in the difficult transition from war to peace. Remittances of direct taxes were often in arrears.³⁵ Indirect taxes, in 1816, were less of a problem, since they were being paid, and on time.³⁶ Despite some hopes that taxation could make a major contribution to discharging the costs imposed by the treaty, it rapidly

²⁷ Nicolle, *Comment la France a payé*, 28–31.

²⁸ [Archives du] M[inistère des] A[ffaires] E[trangères], La Courneuve], 53MD/698, fol. 1, Portal and Schiaffire to Corvetto, 30 Apr. 1816.

²⁹ MAE, 53MD/698, fol. 2, Portal and Schiaffire to Corvetto, 30 Apr. 1816.

³⁰ At this time, James Rothschild was technically an agent of the Frankfurt house.

³¹ MAE, 53MD/698, fols. 3–4, Portal and Schiaffire to Corvetto, 30 Apr. 1816.

³² MAE, 53MD/698, fol. 8, Portal and Schiaffire to Corvetto, 30 Apr. 1816.

³³ MAE, 53MD/698, fol. 9, Portal and Schiaffire to Corvetto, 30 Apr. 1816.

³⁴ R[othschild] A[rchive,] L[ondon], T30, XI/109/2/3/201/3, James to Nathan Rothschild, 4 Dec. 1815.

³⁵ C.-L.-G. d'Audiffret, *Souvenirs de ma famille et de ma carrière dédiés à mes enfants, 1787–1878*, ed. M. Bruguière and V. Goutal-Arnal (Paris, 2002), 164.

³⁶ 'Extrait du compte du produit brut des impôts pour l'année 1816', in G. d'Audiffret, *Système financier de la France*, vol. 2 (Paris, 1840), 5.

became clear, as the Paris banker Jacques Laffitte observed in late 1816, that 'Taxes will obviously be insufficient for four years.'³⁷

The need for credit became more acute as the 1816 harvest failure increased the state's financial burdens. The government was forced to subsidize the cost of bread; simultaneously, rising food prices augmented the cost of maintaining the allied armies in France from 138,100,000 francs in 1816 to 173,000,000 the following year, while tax receipts suffered.³⁸ Not only did a loan become more imperative, but the need for Richelieu to secure a reduction in the size of the allied army increased. This pressure was further raised by the use of allied forces to quell unrest over food prices, which risked reinforcing the regime's image as one imposed by foreigners.³⁹

Fiscal problems and the scale of the French government's obligations were compounded by political instability, which made potential creditors even more reluctant to lend. Fear of revolution, though, seems to have had little impact on France's low 'credit rating'; Solomon Rothschild was adamant that 'there is a definite belief that there will not be another revolution', but he was equally sure that 'I have no confidence in French fonds'.⁴⁰ Instead, the pessimism seemed to derive from the intense political turmoil that convulsed France during the early Restoration. Days before Richelieu took office, James Rothschild noted: 'I doubt things will stay as they are. Yesterday the whole Ministry resigned, i.e. Talleyrand... how can we give credit under such conditions?'⁴¹

The ultra-royalist Chamber of Deputies elected in August 1815, the *Chambre Introuvable*, did nothing to instil confidence. Though not a coherent group, the ultras shared a staunch royalism and a romantic attachment to the *ancien régime*.⁴² Following the Hundred Days, many with ties to previous regimes were purged in the White Terror.⁴³ The ultras' electoral success facilitated a continuation of this process, which did little to provide the political stability essential for a rising *rente*.⁴⁴ Still, many survived the White Terror, and some of the more prominent *girouettes*, such as Laffitte and Corvetto, went on to

³⁷ *Supplementary Despatches, Correspondence, and Memoranda of Field Marshal Arthur, Duke of Wellington*, ed. Second Duke of Wellington, 15 vols (London, 1858-1872), xi., 192, Memorandum by Castlereagh, 10 Oct. 1815. Hope & Co., MSS, S[tadsarchief,] A[msterdam,] 735/1936, Laffitte to Baring, 1 Oct. 1816.

³⁸ MAE, 53MD/698, fol. 102, Corvetto to Richelieu, 13 May 1817; A[rchives] N[ationales, Pierrefitte], C 724. The figure for 1817 incorporates a saving of 11,487,692.30 francs made following the reduction of the allied army agreed on 10 Feb. 1817 (AN C 723).

³⁹ N. Bourguinat, *Les Grains du désordre: L'État face aux violences frumentaires dans la première moitié du XIX^e siècle* (Paris, 2002), 155-6.

⁴⁰ RAL, T30, XI/109/2/3/156/3, Solomon to Nathan Rothschild, 29 Oct. 1815. RAL, T30, XI/109/2/3/158/3, Solomon to Nathan Rothschild, 30 Oct. 1815.

⁴¹ RAL, T30, XI/109/2/3/99/2, James to Nathan Rothschild, 22 Sept. 1815.

⁴² O. Tort, *La Droite française: Aux origines de ses divisions (1814-1830)* (Paris, 2013), 35-42; E. de Waresquiel and B. Yvert, *Histoire de la Restauration: Naissance de la France moderne* (Paris, 1996), 167-71, 178-9.

⁴³ P. Serna, *La République des girouettes (1789-1815... et au-delà): Une anomalie politique: La France de l'extrême centre* (Seyssel, 2005), 187-92.

⁴⁴ Serna, *La République des girouettes*, 192.

play leading roles in the loan negotiations in 1816–17. This did little to endear already unpalatable loans to the ultras.

Perhaps more worryingly for investors, the ultras refused to sanction the use of the remaining unsold *biens nationaux*, property appropriated by the state from the Church and *émigrés* during the Revolution, as collateral for treasury bills to pay outstanding obligations in France. For some among the ultras, selling assets requisitioned from the clergy to pay for Napoleon's wars was unacceptable.⁴⁵ However, not all on the right were so committed to the Church.⁴⁶ More important was the ultras' belief in the need to preserve France's natural beauty by preventing the sale of land to bourgeois developers interested in short-term profits. This position arose from the view that only great landowners were truly independent—a notion which greatly influenced the ultras' attitude to the political, and particularly the electoral, system.⁴⁷ Thus, instead of using the *biens nationaux*, the 1816 budget had to be balanced with 6 million francs of *rentes*, which the bourse received unenthusiastically (they were sold at an average price of 58).⁴⁸ While the fear of revolution may perhaps have receded, political instability left financiers cautious.

II

Ouvrard is the man historians have seen as the architect of the 1817 loan, credited with bringing the French government into contact with Baring. His political and financial activities during the Empire had twice culminated in his imprisonment and, despite his political and financial connexions, his position remained somewhat anomalous. He did not exude reliability. Essentially, he was the choice of necessity, a last resort, and was jettisoned as soon as he had served his purpose. Historians have given insufficient attention to the machinations through which he became the French government's intermediary, preferring to focus instead on the man and his actions. Jacques Wolff, for example, presents Ouvrard as the lone advocate for public credit during 1816, despite considerable opposition.⁴⁹ In Nicolle's words, 'Ouvrard was truly the apostle of loans.'⁵⁰ Such comments by historians often draw on Ouvrard's memoirs, though Nicolle and Gille both emphasize the shortcomings of this source (by contrast, Wolff uncritically follows the memoirs). As Gille remarks, 'The idea of appealing to the beneficiaries of the indemnity themselves to subscribe to the loans was, in truth, widespread.'⁵¹ Indeed, Ouvrard was not alone in believing

⁴⁵ Waresquiel and Yvert, *Histoire de la Restauration*, 184.

⁴⁶ Tort, *La Droite française*, 296–302; M. Brejon de Lavergnée and O. Tort (eds.), *L'Union du Trône et de l'Autel: Politique et religion sous la Restauration* (Paris, 2012); S. Kroen, *Politics and the Theater: The Crisis of Legitimacy in Restoration France, 1815–1830* (London, 2000).

⁴⁷ Tort, *La Droite française*, 275–7.

⁴⁸ Hope & Co. MSS, SA, 735/1935, 'French Finances in August 1816'; AN C 722, Report by Jourdan, 1 May 1817.

⁴⁹ Wolff, *Le Financier Ouvrard*, 167–71.

⁵⁰ Nicolle, *Comment la France a payé*, 25.

⁵¹ Gille, *La Banque et le crédit*, 162.

a loan to be essential, and nor was he the only intermediary between Baring and the French government.

Baring received invitations from several French bankers in autumn 1816 to join them in a consortium to provide the necessary credit. The first of these seems to have come from Laffitte, who invited Baring to join him in raising a loan of 200 million francs; he did not specify at what price the *rentes* were to be sold, and the details remained vague.⁵² This failed to elicit a response, and Hottinguer, the Paris banker to whom Barings and Hopes were closest, tried again three weeks later. He wrote to Labouchère, inviting him and Baring to join a group of Paris houses formed on 3 October, consisting of his own, Perregaux-Laffitte, Delessert and Lefebvre.⁵³

Meanwhile, Ouvrard outlined his own plan in a memorandum he submitted to the finance ministry in late September. In this he considered three main options for raising the necessary revenue: an increase in taxes, a forced loan and, his preferred method, a voluntary loan. He proposed a massive issue of *rentes* directly to the general public, sufficient to cover the unfunded debt (*l'arriéré*), ordinary government expenditure and France's obligations to the allies.⁵⁴ To sweeten the deal for investors, Ouvrard proposed that they be offered *bons supplémentaires*, which would pay bondholders the value in *rentes* of the difference between *rentes* at par and their price at a designated time; in October 1816, he suggested that these should be redeemable between 1825 and 1830.⁵⁵ Ouvrard had outlined the concept in memoranda he had written regarding the budgets of 1814 and 1816.⁵⁶ The potential cost of the idea (particularly if bond prices fell) attracted criticism, and Ouvrard expended great quantities of ink to defend it, though his memoirs say relatively little on the subject. He also proposed to create a *Caisse de réserve*, 'a real means of public salvation', backed by the sale of *biens nationaux*, in order to sustain the price of *rentes* and thus minimise the expense of the *bons supplémentaires*.⁵⁷

Hottinguer noted in a letter to Labouchère that the government 'is seen to be more seriously occupied with M Ouvrard's plan'.⁵⁸ As this suggests, there was competition between French financiers to clinch the loan. At the end of October the finance ministry had produced a memorandum evaluating the mechanics of Ouvrard's September submission.⁵⁹ How serious the government

⁵² Hope & Co. MSS, SA, 735/1936, Laffitte to Baring, 1 Oct. 1816.

⁵³ Hope & Co. MSS, SA, 735/211, Hottinguer to Labouchère, 20/21 Oct. 1816.

⁵⁴ Hope & Co. MSS, SA, 735/1936, Note by Ouvrard, 23 Sept. 1816. There is another copy of this document, at the same reference, dated 27 September.

⁵⁵ Hope & Co. MSS, SA, 735/1936, Note [by Ouvrard], 20 Oct. 1816; G.-J. Ouvrard, *Mémoire sur les finances, adressé au Roi et à la Commission de la Chambre des députés chargée de l'examen du budget proposé par les ministres le 23 décembre 1815, par J. Ouvrard en février 1816* (Paris, 1816), 36.

⁵⁶ G.-J. Ouvrard, *Mémoire sur les finances, adressé au Gouvernement par J. Ouvrard, au mois de mai 1814* (Paris, 1814), 29–30; Ouvrard, *Mémoire sur les finances...1816*, 36–8.

⁵⁷ Hope & Co. MSS, SA, 735/1936, Note by Ouvrard, 23 Sept. 1816.

⁵⁸ Hope & Co. MSS, SA, 735/211, Hottinguer to Labouchère, 20/21 Oct. 1816.

⁵⁹ Hope & Co. MSS, SA, 735/1936, Note [by the finance ministry], 29 Oct. 1816.

was in its consideration of Ouvrard's proposal is unclear; it seems unlikely that Corvetto relished the novelty—in particular the idea of floating *rentes* to the wider public, beyond the *haute banque*, on such a scale.⁶⁰ Likewise, the *bons supplémentaires*, with all the political and administrative difficulties these entailed, probably did little to arouse his enthusiasm. Laffitte and his allies, moreover, had much more political clout than Ouvrard, and Corvetto did not want to alienate them; Laffitte himself was provisional governor of the Banque de France and deputy for the Seine.⁶¹ It may be, therefore, that Corvetto's consideration of Ouvrard's plan was intended to push the other bankers out of the impasse into which they had sunk in October as they awaited Baring's response. Laffitte had informed Baring that the government wanted 'to present the finance bill and the loan proposal simultaneously'; Corvetto, he had written, 'wishes to start negotiations immediately, because time is pressing, as the Chambers are being convened on 4 November'.⁶²

Both Ouvrard and his rivals sought Baring's support in this competition. 'Without the intervention of M. Laffitte who hopes for a submission to which the leading foreign houses will attach themselves,' Ouvrard complained to Labouchère, 'I would have had the pleasure of seeing you last week, because I would have been authorized by the Ministers to attend to his [*sic*] needs.'⁶³ As this suggests, Ouvrard was not irrevocably committed to mass public subscription. Aware that this proposal was controversial, he simultaneously pursued an arrangement with Baring. Indeed, as Hottinguer observed, 'all have judged your [Baring's and Labouchère's] cooperation as essential for success'.⁶⁴

Meanwhile, the Rothschilds went unmentioned. Hearing rumours of a loan, James Rothschild called on Laffitte. The latter told him that "The loan is certainly going to materialise. Here you can see." And he showed me [Rothschild] letters from a mass of Paris and English firms who offered their cooperation ... Also he said: "I wish to do it with a few outside Houses and if you would like to join I would be only too pleased".⁶⁵ Regarding the loan, therefore, the Rothschilds seem to have been something of an afterthought. Not that they were desperate to participate: while James seems to have been interested, his brothers were more circumspect.⁶⁶

⁶⁰ Hope & Co. MSS, SA, 735/1936, Note [by the finance ministry], 29 Oct. 1816. While the government authorised a forced loan in August 1815 to be levied on capitalists and landowners across France, and thus was perhaps open to borrowing beyond the *haute banque*, this 'loan' operated more like a tax, and was even referred to as one at the time: M. Marion, *Histoire financière de la France depuis 1715*, vol. 4 (Paris, 1928), 397–8; *Le Moniteur Universel*, 18 Aug. 1815. Still, the difficulties experienced in collecting the tax may have reinforced doubts about Ouvrard's scheme: Archives départementales de la Loire-Atlantique, Nantes, 1/P/56, de La Bouillerie to the Prefect of the Loire-Inférieure, 28 Jan. 1817.

⁶¹ V. Monnier, *Jacques Laffitte: Roi des banquiers et banquier des rois* (Brussels, 2013), 99–101, 111–27.

⁶² Hope & Co. MSS, SA, 735/1936, Laffitte to Baring, 1 Oct. 1816.

⁶³ Hope & Co. MSS, SA, 735/211, Ouvrard to Labouchère, 14 Oct. 1816.

⁶⁴ Hope & Co. MSS, SA, 735/211, Hottinguer to Labouchère, 20/21 Oct. 1816.

⁶⁵ RAL, T33, XI/109/5B/263/1, James to Solomon and Nathan Rothschild, 19 Oct. 1816.

⁶⁶ RAL, T33, XI/109/5B/368/2, James to Solomon and Nathan Rothschild, 11 Dec. 1816.

Baring regarded all proposals for a loan with caution. In part, his restraint arose from the political instability of the previous months. In September 1816, Richelieu accepted the dissolution of the *Chambre Introuvable*.⁶⁷ The subsequent elections produced a solid majority for the government, as the ultras gave way to moderates and liberals.⁶⁸ The passage of a new electoral law on 5 February 1817, designed to favour stability by stipulating that only a fifth of the chamber would be elected annually, reinforced this outcome.⁶⁹ Upon the dissolution of the *Chambre Introuvable*, the British ambassador expected 'that the ministers will obtain a decisive majority in the new Elections ... The confidence of the public in the good effect of this measure has been demonstrated by the very favourable impression which it produced on the public funds.'⁷⁰ Nevertheless, following the debacle of the *Chambre Introuvable*, Baring awaited confirmation that the new Chamber would be more favourably disposed towards the interests of France's creditors. In this, he was not alone. Baguenault, another Paris banker, wrote to Labouchère: 'I am very strongly of your opinion that there is nothing to be done before the attitude of the chambers and the ministry are clear.'⁷¹ Concerns about the attitude of the new Chamber undoubtedly had some validity. They were, however, also an excellent excuse for inactivity, enabling Baring to buy time.

Concerns about the legislature were assuaged once the new Chamber convened, but issuing a loan of this size remained risky. Baring wanted time to try to find ways of mitigating this, rather than to be rushed into a deal. Consequently, he sought some kind of guarantee from the British government for the prospective loan's repayment.⁷² Castlereagh, however, quashed this hope. He informed Baring that the government's 'probable' attitude would be "No Guarantee of any description on the part of G^t Britain, but no obstacle to your dealing with France on her own credit, and upon your own account." In short you must judge and act upon the terms and the securities, the French Gov^t has to propose, as you think best for your own private interests.'⁷³

Thus Baring got nothing from the British government. Why then did he proceed with loan negotiations? He was probably affected by the overtures of French financiers such as Laffitte, Hottinguer and Ouvrard. Their letters, emphasizing his importance in a deal, presumably impressed on him that he could negotiate with the French government from a position of strength. Their advances also indicated the willingness of other bankers to invest in a loan. Moreover, he was undoubtedly aware of the potential profitability of floating the *rentes*, especially on terms favourable to him. Therefore, he was ultimately

⁶⁷ Waresquiel and Yvert, *Histoire de la Restauration*, 187–95.

⁶⁸ Waresquiel, *Le Duc de Richelieu*, 321.

⁶⁹ Waresquiel and Yvert, *Histoire de la Restauration*, 208–16.

⁷⁰ The National Archives, Kew, FO 146/10, Stuart to Castlereagh, 9 Sept. 1816.

⁷¹ Hope & Co. MSS, SA, 735/211, Baguenault to Labouchère, 23 Oct. 1816.

⁷² A[rchives] N[ationales du] M[onde du] T[ravail, Roubaix] 164AQ/2, Ouvrard-Rochecouart-Larochejacquelein MSS, Baring to Castlereagh, 22 Dec. 1816. A French translation is in Ouvrard, *Mémoires*, i, 252–3.

⁷³ Hope & Co. MSS, SA, 735/1936, Castlereagh to Baring, 23 Dec. [1816].

receptive to French overtures, particularly once worries about the Chambers subsided.

On 2 December 1816, Richelieu informed the British ambassador that the French government sought a loan and that 'he was desirous to entrust M^r Ouvrard, M^r Baring and Labouchère with the management of this negotiation'.⁷⁴ As we shall see, Richelieu was deluded as to the nature and extent of Barings' and Hopes' commitment to floating a loan. Indeed, one reason Ouvrard successfully made himself the chief intermediary between Baring and Richelieu was that he was prepared to stretch the truth with both in order to win their support.

Having effectively become the French government's agent, Ouvrard visited Wellington in Brussels on 5–6 December supposedly to ensure that the latter understood France's situation.⁷⁵ He presented 'a scheme which the French government had in contemplation to raise a loan in England'. He had discussed it with Baring and Labouchère, and 'the capital would probably be found in France and in other parts of the continent of Europe if their names should appear in the transaction'.⁷⁶ Indeed, as we shall see, most of the capital invested in the *rente* issues of 1817–18 came from France. Wellington came out in support of the need for a loan. As he told Castlereagh, in a letter that he may have shown Ouvrard before dispatch, 'unless some arrangement of the description proposed [by Ouvrard] is adopted, France will be aground this year, and our settlement of last year will be entirely destroyed. The harvest in wine has failed entirely; the old revenue will probably not be realized; and no new taxes can be laid on with any prospect of anything but ruin to the old revenue.'⁷⁷

With respect to Wellington and the allied representatives, Ouvrard seems to have played a role in persuading them of the need for a loan. However, it is hard to imagine that this was especially difficult. They all wanted to ensure that the treaties of 1815 were fulfilled and that France avoided political chaos. By late 1816 a loan was the obvious, and perhaps the only, way to achieve this. As we have seen, the need for a loan generated a degree of consensus in French financial circles. Ouvrard, though, appeared to be the only one capable of getting traction with Barings and Hopes. Whereas Laffitte and Hottinguer elicited little response from Baring and Labouchère, Ouvrard visited them to discuss a loan. This visit took place after the failure of Laffitte's and Hottinguer's overtures to Baring.⁷⁸ Ouvrard, well aware of his rivals' proposals, was able to plan accordingly.⁷⁹ Baring disliked the idea of joining a consortium of Paris firms, as proposed by Laffitte and Hottinguer; to do so would undermine his

⁷⁴ The National Archives, FO 146/11, Stuart to Castlereagh, 3 Dec. 1816. *Lettres du duc de Richelieu au marquis d'Osmond, 1816–1818*, ed. S. Charlety, (Paris, 1939), 82–3, Richelieu to Osmond, 12 Dec. 1816.

⁷⁵ Hope & Co. MSS, SA, 735/1936, Note [by Ouvrard], 7 Dec. 1816.

⁷⁶ Wellington to Castlereagh, 6 Dec. 1816, in *Supplementary Despatches*, xi. 562–3.

⁷⁷ Wellington to Castlereagh, 6 Dec. 1816, in *Supplementary Despatches*, xi. 564–5.

⁷⁸ ANMT, 164AQ/2, Ouvrard-Rochechouart-Larochejacquelein MSS, Baring to Ouvrard, 8 Nov. 1816; Ouvrard, *Mémoires*, i. 242–4.

⁷⁹ ANMT, 164AQ/1, Ouvrard-Rochechouart-Larochejacquelein MSS, Hottinguer to Ouvrard, 2 Nov. [1816].

ability to negotiate his own terms with the French government.⁸⁰ However, Baring's rejection of such proposals reduced Laffitte's and Hottinguer's interest in bringing him into negotiations. If Barings and Hopes became the issuing houses, they would presumably have to turn to the firms of the proposed consortium to float the *rentes* in Paris. Consequently, Hottinguer even encouraged Ouvrard to persevere with Baring.⁸¹ For his part, Ouvrard had a continuing interest in initiating negotiations because he lacked his rivals' surety. If he wanted a share in the issue, he would have to earn it.

To improve his position, Ouvrard dropped the more radical of his ideas to issue *rentes* directly to the wider public, suggesting instead that the loan would be floated by 'five or six of the leading Firms of Paris'.⁸² A public subscription would alienate the Paris bankers, since it would weaken their position vis-à-vis the government by introducing unwelcome competition. Likewise, the abandonment of the proposal for a public subscription was a prerequisite to securing Baring's involvement.

III

With Richelieu's backing, Ouvrard submitted a memorandum to Wellington on 8 January 1817, explaining that he had 'engaged' Barings and Hopes 'for the fulfilment of its [the French government's] obligations towards the allied powers'.⁸³ The representatives of the allied powers informed Richelieu on 10 January that they accepted 'the principle of the plan of the Firms of Barings and Hopes'.⁸⁴ Thus, two days later, Osmond, the French ambassador in London, invited Baring and Labouchère to Paris to discuss terms.

Historians have generally argued that Ouvrard exceeded his brief in his negotiations with Baring and Labouchère.⁸⁵ By early December, Richelieu believed that the outline of a deal was all but agreed.⁸⁶ When Baring and Labouchère reached Paris on 20 January, it became apparent that this was not the case. From the French government's perspective, Ouvrard had now served his purpose; he seems to have played no further role either in the negotiations or in the *rentes* issues. His overtures to Richelieu, requesting a share in the loan of 1818, were unsuccessful—something for which he blamed the war minister, Clarke.⁸⁷ However, there is no reason to suppose that Richelieu or Corvetto felt any great

⁸⁰ ANMT, 164AQ/2, Ouvrard-Rochechouart-Larochejacquelein MSS, Baring to Ouvrard, 7 Nov. 1816.

⁸¹ ANMT, 164AQ/2, Ouvrard-Rochechouart-Larochejacquelein MSS, Hottinguer to Ouvrard, 10 Oct. 1816.

⁸² MAE, 53MD/694, fol. 18, Note, Nov. 1816.

⁸³ MAE, 53MD/694, fol. 33, Note by Ouvrard, 8 Jan. 1817.

⁸⁴ Ministers of the Four Courts to Richelieu, 10 Jan. 1817, MAE, 53MD/698, fol. 51.

⁸⁵ E.g. Nicolle, *Comment la France a payé*, 53–4, 61–2.

⁸⁶ Richelieu to Osmond, 21 Nov., 2 and 12 Dec. 1816, in *Lettres du duc de Richelieu*, 76–7, 79–80, 82–3.

⁸⁷ MAE, 53MD/694, fols. 102, 118, Ouvrard to Richelieu, 29 Apr. and 30 May 1818; Ouvrard, *Mémoires*, i. 265.

affinity for him. In their eyes, he was too unreliable and his ideas too adventurous. The loan of February 1817 was much closer to the original proposals of Laffitte and his allies than to that of Ouvrard, and this, alongside his exclusion from the issue at his rivals' expense, is perhaps an indication that his involvement in negotiating was less important than historians have generally supposed.

Ouvrard, then, had proved an untrustworthy intermediary, but it is doubtful that either party was greatly surprised by this. Osmond, for instance, 'had well sensed that M. Ouvrard had invested all this business with a little of the nuance of his character', though Richelieu was furious and dejected—he had succumbed to Ouvrard's promises, perhaps out of desperation.⁸⁸ Within a week of arriving in Paris, Baring and Labouchère had fixed 55 as the price at which they wished to issue the *rentes*.⁸⁹ Richelieu and Corvetto wanted a higher price; Ouvrard almost certainly misled them to suppose that Baring would go higher. As we have seen, however, Baring was in a strong position and the French government, under pressure, could not afford to let matters drift. On 1 February, Corvetto invited Baring and Labouchère to visit him that evening and the meeting was productive enough to secure them an interview with Richelieu the following day.⁹⁰ He, though, remained pessimistic. On 3 February he complained that 'not only do we make no progress, but we go backwards. M. Baring would be more accommodating, M. La Bouchère is much more tenacious and harsher'; still, Richelieu needed the loan, and he probably yielded to Baring's and Labouchère's terms later that day.⁹¹ By the end of their meeting on 6 February, the essentials of the deal were settled.⁹² Two finance ministry officials were left to finalize the contract, which was signed on 10 February.⁹³

As in October, the ministers were working to a tight timetable because of the need to pass the budget in the Chambers. Furthermore, they were under pressure to pay the reparations on time; already, in December 1816, France's fiscal problems forced a deferral of indemnity payments, and further delays risked retarding the end of the allied occupation.⁹⁴ Thus Baring's negotiating position, already formidable since his participation in the loan was perceived as essential, was strengthened further. Consequently, he was able to push the French government into selling him the *rentes* at a price of 52.5, well below the market rate (then at 60), while he took a 2.5 per cent commission by floating them at 55.⁹⁵ More interesting, though, is the impact that Baring's strong position had on the place of French bankers in the negotiations. According to

⁸⁸ Richelieu to Osmond, 26 Jan. 1817, in *Lettres du duc de Richelieu*, 92.

⁸⁹ Baring to Wellington, 26 Jan. 1817, in *Supplementary Despatches*, xi. 607.

⁹⁰ Hope & Co. MSS, SA, 735/215, Corvetto to Baring and Labouchère, 1 and 2 Feb. 1817.

⁹¹ Richelieu to Osmond, 3 Feb. 1817, in *Lettres du duc de Richelieu*, 93.

⁹² Hope & Co. MSS, SA, 735/215, Corvetto to Baring and Labouchère, 6 Feb. 1817; Wellington to Castlereagh, 7 Feb. 1817, in *Supplementary Despatches*, xi. 624–5.

⁹³ Hope & Co. MSS, SA, 735/215, Corvetto to Baring and Labouchère, 7 Feb. 1817; Hope & Co. MSS, SA, 735/218, Contract of 10 Feb. 1817.

⁹⁴ Nicolle, *Comment la France a payé*, 40–1.

⁹⁵ Notably, Ouvrard in October had been proposing to float the *rentes* at a minimum of 60: Hope & Co. MSS, SA, 735/1936, Note [by Ouvrard], 19 Oct. 1816.

article 11 of the contract of 10 February, they were to issue a third of the *rentes*, and it is almost certain that the French government, keen to satisfy politically influential Paris bankers and nationalist sentiment, did whatever it could to give as much of the business as possible to the *haute banque*. Laffitte, indeed, had remarked in his original proposal to Baring that it was highly desirable the loan should be issued in the name of a French house.⁹⁶ At the same time, Baring needed the cooperation of the *haute banque* in order to float the *rentes*; thus, to a degree, his interests here coincided with those of the French government, particularly since the arrangements by which French banks were involved in the loan enabled Baring to dictate proceedings.

On 13 February, Baring and Labouchère signed another contract, this time with Baguenault, Greffulhe, Hottinguer and Perregaux-Laffitte.⁹⁷ Between them, these four firms took a third of the *rentes*, one twelfth each, and joined Baring and Labouchère on the *Comité de l'emprunt*, formed to oversee the flotation. This committee was dominated by Baring and Labouchère, who held two-thirds of the votes. At least ostensibly, though, many of its decisions seem to have commanded general assent, to judge from its *procès verbaux*.⁹⁸ As we shall see, this does not mean that the Paris houses were satisfied with the way Baring and Labouchère operated. The day after the committee was created, Baring formally empowered Labouchère to act as his representative while he returned to London.⁹⁹ Labouchère remained in Paris to oversee the flotation of the loan, delegating a Hopes employee to manage the issue in Amsterdam.¹⁰⁰

As this suggests, the Paris bourse was essential to the success of the loan. Of the 9,090,909 francs of *rentes* issued under the February contract, 4,533,650 (49.8 per cent) were floated in Paris, 2,429,750 in London and 1,100,000 in Amsterdam; the remaining 1,027,509 were retained by the issuing houses.¹⁰¹ The proportion of *rentes* floated in Paris seems to have increased after the first loan. The success of the initial issue demonstrated the strength of the Paris bourse and, as we shall see, this stimulated the demand for *rentes* among Paris bankers. In September 1818, for instance, 12,313,433 francs of *rentes* were floated, of which only 5,626,933 (45.7 per cent) went to Barings and Hopes; while some of those remaining were taken by other non-French houses, the overwhelming majority were allocated to Paris firms.¹⁰² Moreover, some of those sold abroad found their way back to France. In late February 1817, for instance, Delessert bought 100,000 francs of *rentes* from Hopes in Amsterdam

⁹⁶ Hope & Co. MSS, SA, 735/1936, Laffitte to Baring, 1 Oct. 1816.

⁹⁷ Hope & Co. MSS, SA, 735/218, Contract of 13 Feb. 1817.

⁹⁸ These can be found in Hope & Co. MSS, SA, 735/218, 735/1938, 735/1940.

⁹⁹ Hope & Co. MSS, SA, 735/1938, Contract of 14 Feb. 1817.

¹⁰⁰ Hope & Co. MSS, SA, 735/1938, 'Procès-verbal de la Séance [du comité de l'emprunt] du 18 février 1817'.

¹⁰¹ Hope & Co. MSS, SA, 735/218, '1er Emprunt de 100 Millions pour 1817. Ventes sur 9,090,909 francs de Rente au 5 avril 1817'; White, 'Making the French pay', 346.

¹⁰² Hope & Co. MSS, SA, 735/1939, 'Emprunt de 1818. Fr. 12,313,433 Rente 5% Cons. Jouissance du 22 Septembre 1818 au prix de 67f.90c. Fr 167,216,420 payables en 16 Termes du 6 Décembre 1818 au 6 Avril 1820'.

at 57½.¹⁰³ However, repatriation seems unlikely to have happened on a large scale.¹⁰⁴ The Rothschilds, meanwhile, were so far excluded that the banker David Parish handled their investments in the *rentes*.¹⁰⁵ According to Charles Kindleberger, 'France borrowed the money abroad to pay the indemnity immediately and effectively paid it much later when it discharged the foreign debt it had contracted'.¹⁰⁶ This view, as we can see, is too simplistic; Ziegler is nearer the mark in claiming that 'it was French money that paid off the indemnities, but without the catalyst provided by Hopes and Barings it would not have been forthcoming'.¹⁰⁷

How important this catalyst was is an interesting question. Laffitte told Baring in his original appeal to the latter that 'We [the Paris banks] are not rich enough to undertake, alone, an operation of this importance' and, while he said this with the aim of securing Baring's involvement, it was probably true.¹⁰⁸ However, to put the question the other way around, what would have happened had Baring refused to float a loan? Would the government really have embraced Ouvrard's original scheme? Perhaps; but surely the more likely outcome would have been a loan floated, somehow, by the *haute banque*, probably with greater Rothschild involvement, and maybe in tandem with another City firm such as Reid, Irving—who seem to have invested readily in the *rentes* floated in London.¹⁰⁹ As we have seen, the Paris banks opposed Ouvrard's proposal for a public subscription. At the same time, a loan floated entirely by Paris houses was perhaps not completely inconceivable, despite their limited resources; the firms of Thuret and Sartoris had attempted to arrange such a thing in 1816.¹¹⁰ One reason they failed in this may have been because the major Paris banks wanted foreign participation in order to mitigate the risk entailed, and thus they did not want to commit themselves without a firm such as Barings being involved.

The negotiations for the February contract went so smoothly, for Barings and Hopes at least, that, on the day it was signed, they informed Corvetto of their willingness to issue another 20 to 30 million francs of *rentes* to cover France's subsequent payments to the allies.¹¹¹ But they risked getting ahead of themselves. The success of the first and second loans, the latter floated in April at 58, increased the desire of the *haute banque* to participate in future issues.

¹⁰³ Hope & Co. MSS, SA, 735/215, Delessert to Labouchère, 12 Mar. 1817.

¹⁰⁴ White, 'Making the French Pay', 348.

¹⁰⁵ Hope & Co. MSS, SA, 735/218, 'Valeurs et crédits du comité de l'Emprunt avec leurs échéances de mois en mois au 27 juillet 1817'; Hope & Co. MSS, SA, 735/215, Parish to Baring and Labouchère, 30 Apr. and 1 Sept. 1817.

¹⁰⁶ C.P. Kindleberger, *A Financial History of Western Europe*, 2nd edn, (Oxford, 1993), 215.

¹⁰⁷ Ziegler, *Barings*, 79.

¹⁰⁸ Hope & Co. MSS, SA, 735/1936, Laffitte to Baring, 1 Oct. 1816.

¹⁰⁹ Hope & Co. MSS, SA, 735/218, 'Valeurs et crédits... au 27 juillet 1817'. In April 1816, James Rothschild noted rumours of a possible loan to the French government by either Baring or Reid, Irving: RAL, T31, XI/109/4/168/3, James to Nathan Rothschild, 16 Apr. 1816.

¹¹⁰ Gille, *La Banque et le crédit*, 162–3.

¹¹¹ Hope & Co. MSS, SA, 735/218, Barings and Hopes to Corvetto, 10 Feb. 1817.

They had some success; in July, Laffitte was able to join Baring and Labouchère in signing the contract with Corvetto for 9 million francs of *rentes* at 64,¹¹² in which Baguenault, Delessert, Greffulhe, Hottinguer and Laffitte each took a tenth and thus, between them, 50 per cent of the issue.¹¹³ Nevertheless, Barings and Hopes remained dominant.

Baring's need for other firms to invest in *rentes* enabled the Rothschilds, late in the day, to join the issue. In October 1817, Baring offered them a share in the unsold *rentes* equal to those allocated to Baguenault, Delessert, Greffulhe and Hottinguer: this amounted to 500,000 francs of *rentes* (6.25 per cent of a total of 8 million).¹¹⁴ In a letter that has been widely quoted, Solomon Rothschild railed against Baring's corruption and labelled him a 'crook'.¹¹⁵ Such anger, like that of other Paris bankers, arose from Baring's reluctance to offer substantial portions of *rentes* to other firms, not from any desire on the Rothschilds' part to supplant Baring in his contracts with the French government. As Wellington observed in 1818, 'He [Rothschild] makes no offer [of a loan] himself, but follows Baring.'¹¹⁶ Far from opposing an agreement between Baring and the French government, James thought it 'very bad' when, in late December 1816, he feared that there would be no deal.¹¹⁷

IV

The loan negotiations of 1818 generally followed the pattern established the previous year. Barings and Hopes continued to dominate, but they faced protracted and growing resistance from the *haute banque*. The French need for credit in 1818 was increased by the Congress of Aix-la-Chapelle, which met in October. Here the allies agreed to evacuate troops from France ahead of schedule, while the French agreed to early payment of the remaining indemnity. At least superficially, all this should have provided the *haute banque* with ample opportunity to reduce Baring's supremacy.

The loans of 1818 fell into two parts. Despite resistance from the *haute banque*, 24 million francs of *rentes* were contracted with Barings and Hopes to cover the indemnity. Separately, a further 14.6 million francs of *rentes* were required to balance the budget. Baring, however, doubted his capacity to issue both these *rentes* and those required for the indemnity, and similar worries existed about the rest of the *haute banque*. Thus, the loan was arranged by allowing the public to subscribe directly at 66.5, in a fashion similar to that proposed by Ouvrard in 1816 but, crucially, on a much smaller scale.¹¹⁸

¹¹² B[aring] A[rchive, London], MS, 204228/1.2, Contract of 22 July 1817.

¹¹³ BA, MS, 204228/1.2, Contract of 24 July 1817, Corvetto signed a second contract with Hope, Baring, Laffitte and, this time, Delessert too, which reaffirmed the terms of the loan and the French share in it: BA, MS, 204228/1.2, Contract of 30 July 1817.

¹¹⁴ RAL, T27/297-8, James and Solomon to Nathan Rothschild, 11 and 15 Oct. 1817.

¹¹⁵ RAL, T27/292, Solomon to Nathan Rothschild, 9 Aug. 1817.

¹¹⁶ Wellington to Liverpool, 9 Feb. 1818, in *Supplementary Despatches*, xii. 261.

¹¹⁷ RAL, T33, XI/109/58/392/2, James to Solomon and Nathan Rothschild, 28 Dec. 1816.

¹¹⁸ *Le Moniteur Universel*, 9, 10, 27 and 31 May 1818.

While Baring had initial reservations about the plan, it was ultimately implemented with his approval.¹¹⁹

The way in which the general public was brought into the 1818 loan suited both Baring and Richelieu. Since the *rentes* were not contracted to a rival firm, Baring was able to retain his dominant position. No other bank was permitted to demonstrate an independent bond-issuing capacity. For Richelieu, a public subscription would help to satisfy nationalist agitation for a share in the loan. The French ministers, as Baring observed, sought to 'attend to their own popularity by satisfying the desire of the public to participate in the loan'.¹²⁰ In making the loans more acceptable to the public, Richelieu sought to enhance the legitimacy of the regime and thus provide for potentially greater political stability.¹²¹

The outcome was a great success; the total value of public subscriptions came to 168 million francs, over eleven times the sum required.¹²² Whereas France had struggled to attract creditors in 1816, by 1818 this was no longer the case. True, there remained a risk premium—66.5 for the public and 67 for Barings and Hopes were hardly ideal issuing rates. Indeed, the popularity of the public subscription raises the question of whether the issuing rate could have been higher. That it was not perhaps reflected residual doubts about the capacity of the Paris bourse, and of the French public finances. Nevertheless, the stigma attached to French debt in 1816 had essentially been overcome, largely because the loans of 1817 had shown France's creditworthiness. In this respect, the reparations, though a humiliation, facilitated the development of French public credit, in addition to demonstrating Paris' potential as a financial centre.

The most dramatic episode in the saga of resistance to Baring and Labouchère came in May 1818, at the very point when public subscriptions were closing. A group of Paris bankers, including Thuret and Perier, presented Richelieu with a proposal for a loan to pay the indemnity that excluded Barings and Hopes completely. This was submitted to Richelieu on 29 May, a day before the contract was concluded with Baring and Labouchère for the 1818 loan (this time Laffitte was not a signatory).¹²³ The Paris bankers, however, were apparently unaware of this, claiming that 'one question [about the loan] remains to be decided. Will this [issuing] company be French or foreign?'.¹²⁴ With Richelieu's encouragement, they claimed, they had made an offer for the loan. Their submission, though, was unwelcome. Richelieu's aim had probably been to strengthen his negotiating position and to bring them into a deal with Baring. Not being *au courant* regarding Baring's negotiations with the French

¹¹⁹ Liverpool to Wellington, 3 Mar. 1818, in *Supplementary Despatches*, xii. 364–5; Baring to Wellington, 27 May 1818, in *Supplementary Despatches*, xii. 526.

¹²⁰ Baring to Wellington, 27 May 1818, in *Supplementary Despatches*, xii. 526.

¹²¹ Richelieu to Osmond, 14 May and 2 June 1818, in *Lettres du duc de Richelieu*, 185–6, 194.

¹²² Richelieu to Osmond, 2 June 1818, in *Lettres du duc de Richelieu*, 194.

¹²³ MAE, 53MD/694, fols 113–6, Contract of 30 May 1818.

¹²⁴ MAE 53MD/694, fol. 111, Thuret et al. to Richelieu, 29 May 1818.

government, the Paris bankers were completely outmanoeuvred. Furiously, they wrote to Richelieu, bluntly telling him that 'We will not conceal from Your Excellency the annoyance' they felt at Richelieu's rejection of their proposal, 'by which we offered, in the name of a union of French firms, to enter into an arrangement with all foreign companies for the payment of the 280 millions of reparations'.¹²⁵ Though they might claim their willingness to cooperate with 'all foreign companies', the essence of their proposal was that these should be subordinate to French banks. Casimir Perier, a prominent member of this group, had been very outspoken in opposing the government's recourse to foreign bankers to obtain credit.¹²⁶ Indeed, given Perier's affiliation with the government's opponents, he may have been less interested in making a genuine offer for the loan, instead seeking to boost his own nationalist credentials while discrediting the government.

Certainly, Baring did not consider this a serious proposal, fulminating that 'If M. Perrier [*sic*] and M^r Thouret [*sic*] had been treated as their importunities deserved to be in the first place, they would not have been induced to threaten the Ministry'.¹²⁷ This comment came at the end of a robust defence of his actions that he sent to Decazes who, though minister of police, had taken an active interest in the loan negotiations. He had, for instance, served as an intermediary between Ouvrard and Richelieu in late 1816, in addition to having contact with Baring and Labouchère.¹²⁸ Decazes' role in the negotiations reflected his position as Louis XVIII's favourite. Richelieu aside, he was the most powerful member of the government, dominating domestic politics and thus leaving Richelieu free to concentrate on the government's main task of ending the allied occupation.¹²⁹ Moreover, Decazes, one of the more 'liberal' members of the government, had some sympathy with Thuret's and Perier's position. Decazes' importance presumably increased Baring's desire to neutralise any opposition from him. He told Decazes that, 'Regarding the [loan] affair at first sight, I do not see that we are able to renounce the advantages of control for the benefit of those that complain about it ... I must examine the papers when I return to London in order to ascertain the degree to which our hands are tied with all the stakeholders and of course I must consult M. Labouchère'.¹³⁰ Baring, then, was stalling in response to the pressure to offer more to French banks, and this was indicative of his position throughout.

At the same time, Baring sought to appear conciliatory, writing that 'I would not like to state categorically that the change you seek cannot take place, but if it can, no personal interests will hold us back'.¹³¹ Of course, now that the

¹²⁵ MAE, 53MD/694, fol. 130, Thuret et al. to Richelieu, 22 June 1818.

¹²⁶ M. Bourset, *Casimir Perier: Un prince financier au temps du romantisme* (Paris, 1994), 90-1.

¹²⁷ BA, MS 204229/4, Baring to Decazes, 24 June 1818.

¹²⁸ Ouvrard, *Mémoires*, i. 240-1.

¹²⁹ Waresquiel, *Le Duc de Richelieu*, 321-2.

¹³⁰ BA, MS 204229/4, Baring to Decazes, 24 June 1818.

¹³¹ BA, MS 204229/4, Baring to Decazes, 24 June 1818.

French government had signed the deal, such talk was easy. Still, Perier's and Thuret's manoeuvre suggests that the French government may have had some latitude in dealing with Baring. In 1817, Baring's dominance was assured principally by the potential scale of his resources and the uncertainty surrounding those of the Paris bourse. His involvement was perceived as essential both to issue *rentes* in London and Amsterdam and to sustain investors' confidence in French debt. However, by 1818, the Paris bourse had shown itself able to absorb large numbers of *rentes*. The French government's position vis-à-vis Baring was stronger, while the pressure to allocate *rentes* to the *haute banque* reached its height. Therefore, instead of issuing at 66, as he originally intended, Baring accepted 67, 'in return for which the [French] Treasury gives up all right of participation in [the] profits'.¹³² The limited scope of this concession reflected the continued strength of Baring's position. He offered the highest bid for the issue and presented the surest way to maintain the market's confidence.¹³³ His connexions in London and Amsterdam remained invaluable, as did his financial resources. Baring and Labouchère, Richelieu wrote, were 'men of proven wisdom, whose wealth guaranteed they were able to support several variations without being forced to inundate the market, which would consequently make funds fall immeasurably'.¹³⁴ Moreover, Baring retained support within the *haute banque*. His position was also strengthened by good relations with allied diplomats who regarded the French liberal bankers warily, and he successfully cultivated Wellington, whose goodwill Richelieu needed to retain.¹³⁵ The latter wanted to go to Aix-la-Chapelle with 'guarantees able to inspire complete confidence ... there are none who enjoy this to a greater degree than Barings and Hopes'.¹³⁶ Thus, despite the challenge to his position, Baring essentially managed to retain his hold over French public credit.

Laffitte, too, made a bid to reduce Baring's dominance, but his aim was markedly different from that of Thuret and Perier. Shortly after the contract was signed on 30 May, he wrote to de Rothschild frères, expressing his displeasure at the existing arrangement: 'I intend to write to Monsieur Baring to propose that he revise the contract he has concluded in order to offer the Treasury more favourable conditions and to bring in French Commerce in an eminently national operation'.¹³⁷ Like Richelieu, therefore, Laffitte wanted to end the competition that had ensued between the different banks; indeed, he probably wrote to the Rothschilds to secure their support for this. Whereas the Rothschilds had been merely an afterthought for Laffitte in 1816, by 1818 he needed their cooperation. A week later, he complained to Baring that 'you have

¹³² Baring to Wellington, 31 May 1818, in *Supplementary Despatches*, xii. 536; Nicolle, *Comment la France a payé après Waterloo*, 147–8.

¹³³ Richelieu to Osmond, 2 June 1818, in *Lettres du duc de Richelieu*, 194.

¹³⁴ Bibliothèque Interuniversitaire de la Sorbonne, Paris, Richelieu MSS, MSRIC 77, fol. 3, Richelieu to Caraman, 3 July 1818.

¹³⁵ Waresquiel, *Le Duc de Richelieu*, 338.

¹³⁶ Richelieu to Osmond, 2 June 1818, in *Lettres du duc de Richelieu*, 194.

¹³⁷ BA, MS 204229/3, Laffitte to Rothschild, 7 June 1818.

taken the trouble of coming ahead of me, with regard to the loan of 24,000,000, which brought M. Delessert, M. Rothschild and me to one side, and M. La Bouchère and you to the other as a company to undertake this operation. The contract should have been made in the name of the five Houses'.¹³⁸

As this letter suggests, Laffitte and his associates wanted Barings' continued involvement as an issuing house. In other words, Baring's position was not much weaker than it had been at the end of 1816; Richelieu, Laffitte and other bankers did not want to risk him pulling out. His wishes, therefore, had to be accommodated. 'The fact is,' Wellington wrote in February 1818, 'that Baring having the French finances in his hands ... has to a certain degree the command of the money market of the world. He feels his power, and it is not a very easy task to succeed in counteracting him.'¹³⁹ At the same time, Baring still needed the cooperation of members of the *haute banque*; reaching a *modus vivendi* was therefore a priority for all parties.

The concessions Baring made to the French government and the *haute banque*—issuing *rentes* at a higher price and allowing the Paris banks to take a greater share—were probably motivated by goodwill and the desire to facilitate the issuing of the loans. Further to this, Baring seems to have benefitted from his close relations with Richelieu and Corvetto—though, of course, men such as Laffitte were not short of connections. As Solomon Rothschild observed, 'The Baring lot is as well versed in the way of using influence as we are. There is not a single man of importance amongst the authorities here [in Paris] who would not work with Baring hand in glove.'¹⁴⁰ Thus, Baring maintained the strength of his position, and this enabled him to dominate French government borrowing throughout 1818.

V

The success of the 1817 loans raised the possibility that France might pay off the reparations ahead of time. In May 1817, Baring indicated his willingness 'to open a negotiation with the French government for the purpose of completing within the year ending December, 1818, the remaining payments due by France to the Allies under the head of contributions'.¹⁴¹ Likewise, Richelieu mentioned to Wellington the possibility of 'asking the Chambers for a credit of 40,000,000 of Rentes in order to settle all pecuniary questions with the Allied Powers at the end of the year 1818'.¹⁴² In saying this, Richelieu was undoubtedly motivated by his aim of securing an early withdrawal of allied troops from France. These forces existed, partly, to ensure that France fulfilled the terms imposed in November 1815; once the indemnity was paid, a major reason for the army's presence would disappear.

¹³⁸ MAE, 53MD/694, fol. 51, Laffitte to Baring, 14 June [1818].

¹³⁹ Wellington to Liverpool, 4 Feb. 1818, in *Supplementary Despatches*, xii. 249.

¹⁴⁰ RAL, T27/292, Solomon to Nathan Rothschild, 9 Aug. 1817.

¹⁴¹ Liverpool to Wellington, 15 May 1817, in *Supplementary Despatches*, xi. 684.

¹⁴² Wellington to Castlereagh, 28 Aug. 1817, in *Supplementary Despatches*, xii. 46–7.

The army of occupation, however, did not merely guarantee indemnity payments; it was also intended to ensure the survival of the Bourbon dynasty and thus a modicum of political stability in Europe. In mid-late 1816, France, as we have seen, was caught in both an economic crisis caused by harvest failure and the political crisis provoked by the *Chambre Introuvable*. In the atmosphere of political uncertainty that resulted, Wellington had refused Richelieu's requests that the army be reduced in size.¹⁴³ By 1817, though, his position appeared to be shifting. In January, he accepted a reduction of 30,000 men, which was formally agreed the same day as the February loan contract.¹⁴⁴ Two months later, he told the Russian ambassador that, 'If the King is still alive at this time [in 1818] we will be obliged ... to terminate the occupation.'¹⁴⁵ The King's life was synonymous with the survival of the regime and political stability, which had improved since the winter. The political situation was calmer and, following the success of the first loan, the public finances looked more reassuring. A year later, the Duke's opinion was unchanged. He told Baring in February 'France would probably find the Powers of Europe disposed to withdraw their troops at the close of 1818, provided the terms of the Treaties were carried into execution.'¹⁴⁶ Likewise, Corvetto later informed Baring that 'it appears necessary that a large sum should be advanced to the allied Powers as soon as the Congress [of Aix-la-Chapelle] pronounces itself in favour of the complete and total evacuation of French territory.'¹⁴⁷ Indeed, the contract concluded in May for 24 million francs of *rentes* not only provided for the indemnity payments for 1818 but, in anticipation of the evacuation, also covered the rest of what France owed the allies under the terms of 1815 should it need to be paid early. Baring, then, had advance notice that he would be called upon again; he remained banker of choice for the French government and was in a position of unrivalled strength at the Congress. By the time of Aix-la-Chapelle, the challenges to his supremacy of May and June had been well and truly vanquished.

On 20 June 1818, France was invited to attend a meeting of allied leaders at Aix-la-Chapelle, scheduled for October.¹⁴⁸ The Congress provided for the evacuation of allied forces from France in exchange for payment of the rest of the indemnity. Since the conference had convened to discuss the financial arrangements entailed by a possible evacuation, several bankers were on hand, including Baring. On 9 October, he signed another contract with Richelieu to float 12,313,433 francs of *rentes* in order to raise 165 million francs,¹⁴⁹ which would enable France to divest itself completely of the indemnity.

¹⁴³ Wellington to Richelieu, 18 July and 19 Oct. 1816, in *Supplementary Despatches*, xi. 441–2, 520–22.

¹⁴⁴ Richelieu to Osmond, 6 and 9 Jan. 1817, in *Lettres du duc de Richelieu*, 89–90; Nicolle, *Comment la France a payé*, 55–9, 67–9.

¹⁴⁵ Pozzo di Borgo to Nesselrode, 8/20 Apr. 1817, in A. Polovtsoff (ed.), *Correspondance diplomatique des ambassadeurs et ministres de Russie en France et de France en Russie de 1814 à 1830*, vol. 2 (St. Petersburg, 1903), no. 69.

¹⁴⁶ Wellington to Liverpool, 9 Feb. 1818, in *Supplementary Despatches*, xii. 261.

¹⁴⁷ BA, MS 204229/8, Corvetto to Baring, 17 June 1818.

¹⁴⁸ Nicolle, *Comment la France a payé*, 158–70; Waresquiel, *Le Duc de Richelieu*, 339–51.

¹⁴⁹ BA, MS 204229/4, Contract of 9 Oct. 1818.

The terms of the October contract differed little from those agreed in May; the *rentes* were to be floated by Barings and Hopes at 67. The loan was reduced in size to allow the French government to profit from the rise on the bourse by giving the allies 100 million francs in *rentes* at par, a proposal Baring had accepted in August.¹⁵⁰ The contract reflected the allies', particularly Wellington's, continuing support for Baring as the financier of the reparations; the presence of his rivals at Aix-la-Chapelle was, in this respect, insignificant.

VI

By the end of 1818, claims Marcel Marion, it was apparent that 'the time of adventures was over and that of reparations had arrived. The management of the finances was correct, able, far-sighted and absolutely sincere. The era, totally new in our [French] history, of budgetary surpluses and serious debt amortisation was beginning.'¹⁵¹ This judgement should be qualified. The system of public credit that made the loans possible was still in its infancy. The speculative boom that followed the success of the loans ended in a financial crisis in late 1818, as the demand for *rentes* slowed. The plan formulated at Aix-la-Chapelle had to be revised, spreading payments over a longer timescale.

Moreover, the loans of 1817–18 produced great controversy. Ultra-royalists had opposed the use of the *biens nationaux* as collateral, an attitude which appalled investors. Nationalists, and financiers such as Perier and Thuret, condemned the government's recourse to 'foreign' bankers (interestingly, Thuret was Dutch and had only set up in Paris in 1810). In contrast to the political tension that surrounded them, the negotiations themselves, though occasionally fractious, were actually quite straightforward. To an extent, this was made possible because the loans of 1817 and 1818 were a conventional bond issue; they entailed no great financial innovation, whereas the idea of floating debt directly to the wider public on the scale that Ouvrard originally proposed was less likely to suit order and stability. Like Marion, though, the French government and the *haute banque* preferred order and stability to adventure. Despite this, Baring's interest was by no means guaranteed, and his initial unresponsiveness produced considerable unease and tension in Paris—as the letters sent to him by Paris bankers suggest. While Ouvrard had a role in bringing Baring to Paris in January 1817, the influence of those such as Hottinguer and Laffitte in pushing him towards a deal should not be underestimated; Baring relied heavily upon these men when the loans themselves were floated. Indeed, most of the *rentes* seem, ultimately, to have gone to Paris.

By the time the contract of February 1817 was signed, the anxieties of 1816 were receding. Nevertheless, Baring retained his commanding position, indispensable and essentially immune to competition. Barings and Hopes appeared to be the only firms big enough to float the loans. Without them, the markets would have slid and the allies would have lost faith in France's ability to meet

¹⁵⁰ Nicolle, *Comment la France a payé*, 157–8, 164–7.

¹⁵¹ Marion, *Histoire financière de la France*, vol. 4, 432.

its obligations. Baring's position was further strengthened by the allies' preference for him over French bankers. The weakness in the ministers' position was mitigated somewhat by their ability to offer Baring considerable profits. In the circumstances, Richelieu and Corvetto handled the negotiations well, doing what they could to satisfy both Baring and the *haute banque*.

The success of the loans was essential for France to honour the terms imposed in 1815. In contrast to the Germany's experience after the 1919 Treaty of Versailles, the French in the 1810s were both willing and able to discharge the obligations incurred by defeat. The post-Napoleonic indemnity was quickly settled—like that of the early Third Republic in the 1870s, but unlike that of Germany between the two world wars. Within a decade of 1815, the reparations issue was largely forgotten, though the French still felt the pain of Napoleon's defeat. Without the loans of 1817–18, it is hard to see how Europe could have made the transition from war to peace so quickly and easily.